

Minutes of the Meeting of February 24, 2017

of the

MASSACHUSETTS TEACHERS' RETIREMENT BOARD

I. Regular Matters of Business

In attendance at this regular meeting of the Massachusetts Teachers' Retirement Board ("the Board") were Chairman Jeff Wulfson, Vice Chair Nicola Favorito, Jacqueline A. Gorrie, Dennis J. Naughton, Joannah M. Quinn, Executive Director Erika Glaster, Assistant Executive Director Sean Neilon, Assistant Executive Director Jon Osimo, General Counsel James Salvie, Disability Case Manager Salvatore Coco and Executive Assistant Helen Petruzzello. Ms. Wass and Mr. Liston were absent due to personal reasons.

The meeting was called to order at approximately 9:00 a.m.

The minutes of the previous Board meeting, held on January 27, 2017, were reviewed and approved as submitted on a motion made by Mr. Naughton and seconded by Mr. Favorito. The motion carried 5-0.

VOTED: The Open and Executive minutes of the Board meeting held on January 31, 2017, are hereby approved as submitted.

II. Executive Session

The Chairman announced that one of the applicants for a Disability retirement had requested, and had been granted, a postponement of the consideration of his application to a future board meeting.

A motion was made by Ms. Quinn, and seconded by Mr. Naughton, to enter into executive session in order to review applications for disability retirement. On roll call, the vote was as follows:

VOTED: Vice Chair Nicola Favorito	Yes
Jacqueline A. Gorrie	Yes

Dennis J. Naughton	Yes
Joannah M. Quinn	Yes
Chairman Jeff Wulfson	Yes

At approximately 9:01 a.m. the Board went into Executive Session. The Chairman stated that the Board would return to Open Session.

At approximately 9:50 a.m. the Board reconvened in Open Session and took a brief recess until approximately 9:56 a.m.

III. Open Session

A. MTRS SECURITY INCIDENT RESPONSE POLICY

Ms. Glaster presented the proposed MTRS Security Incident Response Policy, based on the MassIT Enterprise Security Incident Response Policy and customized for MTRS. The policy describes the three tiers of security incidents and outlines the reporting requirements pursuant to M.G.L. c. 93H. The Board asked questions concerning the secure exchange of data with school districts.

On a motion made by Mr. Favorito, and seconded by Mr. Naughton, the Board voted 5-0 to approve the policy.

B. NETWORK AND MYTRS SECURITY UPDATE

Susan Morgan, Chief Technology Officer, and David Wright, Director of Network Services, joined the meeting and provided the Board with the MTRS System Security Review, an overview of the security procedures in place for the MTRS Network and MyTRS Systems, which the Board had requested at the January 2017 board meeting. Mr. Wright explained the many layers to the system security, including the physical space of the agency's locations as well as the hosting facilities, and answered the Board's questions on disaster recovery and auditing of system administrator users. The Chair expressed the Board's desire to protect members' personal information as much as possible and asked about what additional resources would be needed to do that, and the vulnerabilities, if any, of the system. No additional resources were requested at this time. Upon the board's questioning, Mr. Wright explained how a user role defines and limits a user's

access within the system. Ms. Morgan commended the MassIT unit for their guidance and assistance during the agency's move in October.

C. EXECUTIVE DIRECTOR'S REPORT

1. Ms. Glaster distributed the memorandum from the Public Employee Retirement Administration Commission ("PERAC") announcing the training sessions for the "compliance portion" rollout of the new online system for retirement boards, titled *PROSPER*. Ms. Glaster explained that this would allow MTRS board members to view their continuing educational credits but that financial reporting would still be done in hard copy. Ms. Glaster and Ms. Petruzzello will attend one of the upcoming training sessions and report back to board members who are unable to attend the training at the next board meeting.
2. Ms. Glaster distributed an email and excerpt of a report on the Massachusetts Teachers' Retirement System from the National Council on Teacher Quality, noting its inaccuracies and her decision to not respond except in the event of press or member inquiries. She speculated that the report will be discussed at the upcoming winter meeting of the National Association of State Retirement Administrators/National Council on Teacher Retirement ("NASRA/NCTR") being held in Washington, D.C. The Chairman noted that notwithstanding the inaccuracies in the report, the industry should consider plan design that acknowledges the changing trends of educators who enter teaching mid-career and may not stay with a system for thirty years.
3. Ms. Glaster noted that included in the board materials was a copy of the Massachusetts Supreme Judicial Court decision, Retirement Board of Stoneham vs. Contributory Retirement Appeal Board, and the corresponding PERAC Memorandum #8/2017. Ms. Glaster explained the decision and PERAC's memo, which pertain to ongoing membership eligibility for "non-full-time-employees," and noted that board staff are in discussions with PERAC regarding the impact of the statutory definition of teacher, which requires at least half-time employment. Ms. Glaster made board members aware of the potential impact on longstanding practice and the board's regulation on creditable service.
4. Ms. Glaster updated the board on the status of the biennial Benefit Verification process, noting that returns were coming in as expected and that acknowledgement postcards would be mailed beginning the following week.

Ms. Glaster suggested that the agency review its policy for Benefit Verification Forms completed by powers of attorney.

5. Noting the end of the February school vacation week, Ms. Glaster reported that walk-in volume was up in both offices, although the numbers were slightly lower than in past years, possibly reflecting the expected gradual decline in retirements.
6. Ms. Glaster provided an update on the progress made since the last board meeting on the exclusive benefit rule (EBR) issues, reporting that final memos were received from Ice Miller and distributed to all parties. ANF filed a supplemental budget last week, H. 72, which addresses the three issues impacting the MTRS. If enacted, the legislation will end the practice of funding PERAC's budget from the assets of the state and teachers' retirement systems in PRIT, will amend the statute to conform to longstanding practice of depositing federal grant fringe amounts in the general fund, and will direct the state and teachers' retirement systems to deposit 3(8)(c) receipts into the general fund. Representatives of the parties will meet in the upcoming weeks to discuss next steps with tax counsel for ANF and Ice Miller. Ms. Glaster reported that once the next steps are established, she will plan for a representative from ANF to attend a board meeting.
7. Ms. Glaster asked for the board's feedback on the recently distributed *2016 Year in Review* report. Following board discussion, the suggestion was made to add a narrative from the report to the MTRS Annual Financial Statement in order to share the information with a broader audience.

On a motion made by Mr. Naughton and seconded by Ms. Quinn, the Board voted unanimously to adjourn the meeting at approximately 11:48 a.m.

Respectfully submitted,

Erika M. Glaster, Executive Director

Date

Documents used in MTRS Board meeting of February 24, 2017

- Agenda for February 24, 2017 MTRS Board meeting
- Cover letter from Executive Director
- Open minutes and executive minutes of February 24, 2017 MTRS Board meeting
- Memorandum and supporting documents pertaining to MTRS Security Incident Response Policy